Audit of Forest Planning and Practices
Richmond Plywood Corporation Limited
Forest Licence A19243

FPB/ARC/59

February 2004

104-02811/

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Report from the Board

A. Report from the Board

This is the Board's report on a compliance audit of Forest Licence A19243, held by Richmond Plywood Corporation Ltd. (Richply). The operating area for forest licence A19243 is within the Kingcome Timber Supply Area, in the North Island–Central Coast Forest District. Richply operations during the audit period were located at the northern tip of Vancouver Island (see map on page A-3).

The report from the auditor (Part C) provides further details on the location of the licence, the scope of the audit and the audit findings. The report from the auditor is based on the audit procedures described in Part B.[1]

The audit examined Richply's operational planning; timber harvesting; road construction, maintenance and deactivation; silviculture; and fire protection practices for the period from May 1, 2002, to June 3, 2003.

The Board considered the report from the auditor, along with supporting audit evidence, and the Board affirms the auditor's findings. Richply's forest planning and practices complied with Code requirements in all significant respects.

The Board commends Richply for its performance. Richply's compliance with the Code was accomplished not only while operating in sensitive coastal terrain and with a need to work economically, but also while meeting higher level plan commitments for the Goletas Channel special management zone (SMZ), which applies to a portion of the licence area. Richply's activities within the SMZ complied with particular requirements for varied forest management techniques and values, such as the retention of structural forest attributes and elements within cutblocks, application of a variety of silviculture systems, patch sizes and block shapes, special consideration of fish and wildlife habitats, coastal visual qualities, and recreation activities, including the Shushartie River recreational access route.

Nahwitti Forest Service Road Bridge

Although not the responsibility of Richply, the report from the auditor also discussed a safety issue that was the responsibility of the North Island–Central Coast Forest District with respect to a bridge on the Nahwitti Forest Service Road. In December 2001, following an inspection and report on the bridge, the district decided to "close down the crossing and remove the bridge as soon as practicable." However, physical movement across the bridge was not prevented until May 2003, a circumstance regarded by the auditor as a significant non-compliance. In an area that attracts recreational users, this delay in blocking the bridge strikes the Board as being undue, and resulted in an unnecessary safety hazard that exposed any who crossed the bridge during this time period to some jeopardy.

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[1] Part B of this document provides background information on the Board's audit program and the process followed by the Board in preparing its report.

In its representation to the Board, the district offered the opinion that when the district posted a zero tonne load limit sign in February 2002, this implied that all users were prohibited from using the bridge, except "light vehicle traffic." However, the Board points out that the Code is quite clear on this issue – following reported structural deficiencies, those with the responsibility must either repair, close, remove, or replace the bridge before users are placed at risk.

Also in its representation to the Board, the district outlined steps it is taking to clarify future bridge signage and to determine the most effective and efficient way to convey an accurate load rating on bridge signs to industrial users and the public, in order to avoid damage to bridges and ensure safety to all road users. The Board supports this initiative, and, as provided by section 185 of the *Forest Practices Code of British Columbia Act*, makes the following recommendation:

> That the North Island–Central Coast Forest District, working with the Coast Forest Region, adopt a policy and develop an implementation plan for application throughout the region, which will ensure that industrial users and the public are effectively notified of the condition of bridges, in order to avoid damage to bridges and ensure the safety of all road users.

In accordance with section 186 of the Act, the Board requests that copies of the policy and the corresponding implementation plan, be delivered to the Board by July 1, 2004.

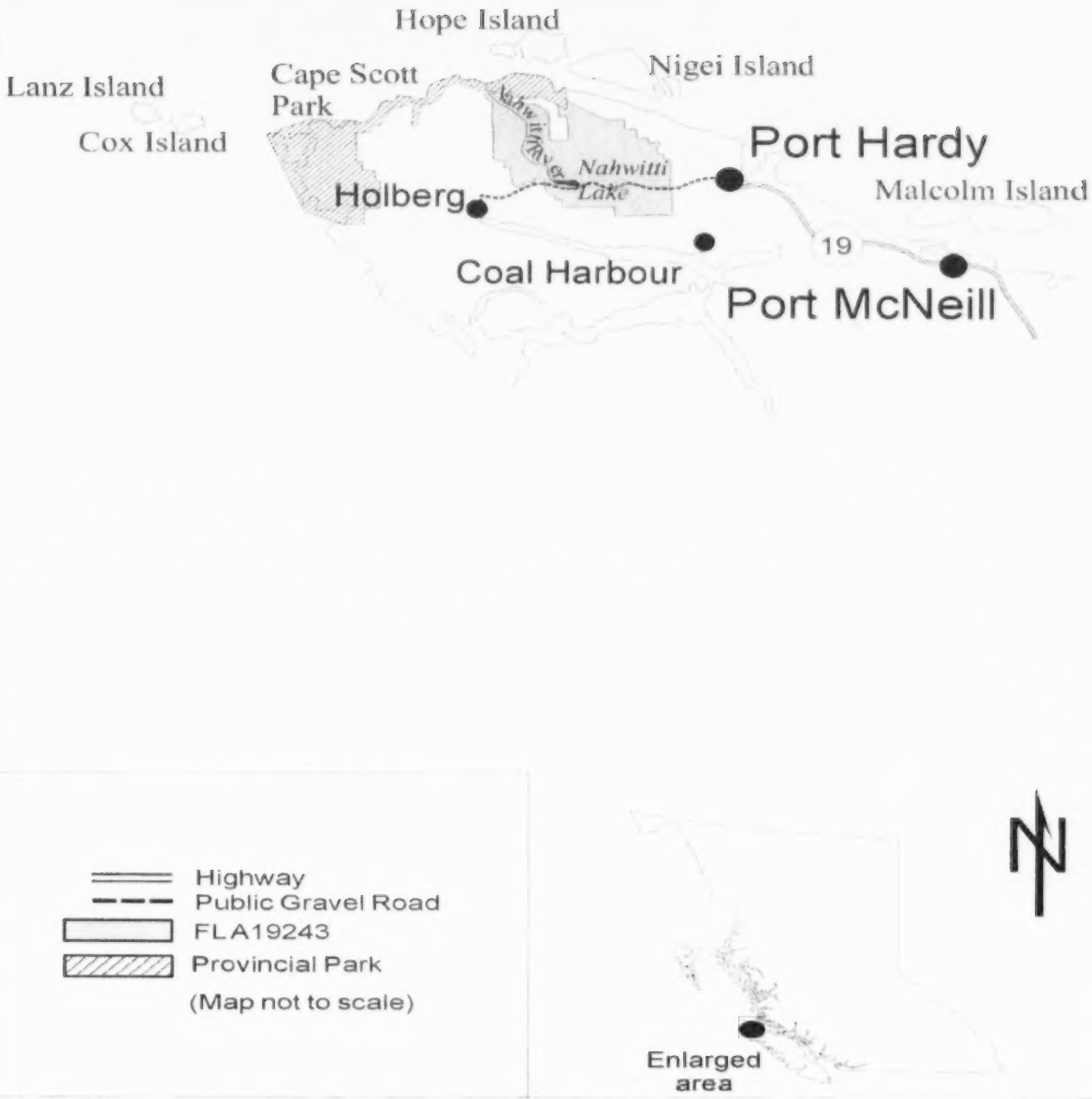
Because bridge safety is an issue that the Board finds in its audits on a regular basis, the Board intends to ensure, in future Board audits within the Coast Forest Region, that the above policy has been implemented and is being complied with.

Bruce Fraser

Bruce Fraser, PhD
Chair, Forest Practices Board

February 13, 2004

Audit of Richmond Plywood Corporation Ltd. FL A19243



Forest Practices Board Compliance Audit Process

B. Forest Practices Board Compliance Audit Process

Background

The Forest Practices Board conducts audits of government and agreement-holders for compliance with the *Forest Practices Code of British Columbia Act* and regulations (the Code). The Board has the authority to conduct these periodic independent audits under section 176 of the *Forest Practices Code of British Columbia Act* (the Act). Compliance audits examine forest planning and practices to determine whether or not they meet Code requirements.

The Board undertakes both "limited scope" and "full scope" compliance audits. A limited scope audit examines selected forest practices (e.g., road construction, maintenance and deactivation; timber harvesting; or silviculture) and the related operational planning activities. A full scope audit examines all operational planning activities and forest practices.

The Board determines how many audits it will conduct in a year, and what type of audits (limited or full scope), based on budget and other considerations. The Board audits agreement-holders who have forest licences or other tenures under the *Forest Act* or the *Range Act*. The Board also audits government's BC Timbers Sales program (BCTS), which is administered by Ministry of Forests Timber Sales offices. Selection of agreement-holders and Timber Sales programs for audit is done randomly, using a computer program, to ensure a fair, unbiased selection of auditees.

Audit Standards

Audits by the Forest Practices Board are conducted in accordance with the auditing standards developed by the Board. These standards are consistent with generally accepted auditing standards.

The audits determine compliance with the Code based on criteria derived from the *Forest Practices Code of British Columbia Act* and its related regulations. Audit criteria are established for the evaluation or measurement of each practice regulated by the Code. The criteria reflect judgments about the level of performance that constitutes compliance with each requirement.

The standards and procedures for compliance audits are described in the Board's *Compliance Audit Reference Manual*.

Audit Process

Conducting the Audit

Once the Board selects an audit and decides on its scope (limited scope or full scope), the audit period and the staff and resources required to conduct the audit are determined. Board staff also meet with the party being audited to discuss the logistics of the audit before commencing the work.

All the activities carried out during the period subject to audit are identified; for example, harvesting or replanting sites and building or deactivating road sections. The items that make up each forest activity are referred to as a "population." For example, all sites harvested form the "timber harvesting population." All road sections constructed form the "road construction population." The populations are then sub-divided based on factors such as characteristics of the sites and potential severity of the consequences of non-compliance on the sites.

For each population, the auditors choose the most efficient means of obtaining information to conclude whether there is compliance with the Code. Because of limited resources, auditors usually rely upon sampling to obtain audit evidence, rather than inspecting all activities.

Individual sites and forest practices within each population have different characteristics, such as the type of terrain or type of yarding. Each population is divided into distinct sub-populations on the basis of common characteristics (e.g., steep ground vs. flat ground). A separate sample is selected for each population (e.g., the cutblocks selected for auditing timber harvesting). Within each population, more audit effort (i.e., more audit sampling) is allocated to the sub-population where the risk of non-compliance is greater.

Audit work in the field includes assessments from the air using helicopters and intensive ground procedures, such as measuring specific features like road or riparian reserve zone width. The audit teams generally spend one to two weeks in the field.

Evaluating the Results

The Board recognizes that compliance with the many requirements of the Code is more a matter of degree than absolute adherence. Determining compliance, and assessing the significance of non-compliance, requires the exercise of professional judgment within the direction provided by the Board.

Auditors collect, analyze, interpret and document information to determine the audit results. The audit team, composed of professionals and technical experts, first determines whether forest practices are in compliance with Code requirements. For those practices considered to not be in compliance, the audit team then evaluates the degree to which the practices are judged not in compliance. The significance of the non-compliance is determined based on a number of criteria, including the magnitude of the event, the frequency of its occurrence and the severity of the consequences.

As part of the assessment process, auditors categorize their findings into the following levels of compliance:

Compliance – where the auditor finds that practices meet Code requirements.

Not significant non-compliance – where the auditor, upon reaching a non-compliance conclusion, determines that a non-compliance event, or the accumulation and consequences of a number of non-compliance events, is not significant and is not considered worthy of reporting.

Significant non-compliance – where the auditor determines that the event or condition, or the accumulation and consequences of a number of non-compliance events or conditions, is or has the potential to be significant, and is considered worthy of reporting.

Significant breach – where the auditor finds that significant harm has occurred, or is beginning to occur, to persons or the environment as a result of the non-compliance. A significant breach can also result from the cumulative effect of a number of non-compliance events or conditions.

Identification of a possible significant breach requires the auditor to conduct tests to confirm whether or not there has been a breach. If it is determined that a significant breach has occurred, the auditor is required by the *Forest Practices Board Regulation* to immediately advise the Board, the party being audited, and the Ministers of Forests, Energy and Mines, and Water, Land and Air Protection.

Reporting

Based on the above evaluation, the auditor then prepares the "Report from the Auditor" for submission to the Board. The party being audited is given a draft of the report before it is submitted to the Board so that the party is fully aware of the findings. The auditee is also kept fully informed of the audit findings throughout the process, and is given opportunities to provide additional relevant information and to ensure the auditor has complete and correct information.

Once the auditor submits the report, the Board reviews it and determines if the audit findings may adversely affect any party or person. If so, the party or person must be given an opportunity to make representations before the Board decides the matter and issues a final report to the public and government. The representations allow parties that may potentially be adversely affected to present their views to the Board.

At the discretion of the Board, representations may be written or oral. The Board will generally decide on written representations, unless the circumstances strongly support the need for an oral hearing.

The Board then reviews the report from the auditor and the representations from parties that may potentially be adversely affected before preparing its final report, which includes the Board's conclusions and, if appropriate, recommendations.

If the Board's conclusions or recommendations result in newly adversely-affected parties or persons, additional offers of representations would be required.

Once the representations have been completed, the report is finalized and released: first to the auditee and then to the public and government.

Report from the Auditor

C. Report from the Auditor

1.0 Introduction

As part of the Forest Practices Board's 2003 compliance audit program, Forest Licence A19243 was selected for audit from the population of major licences within the Coast Forest Region. The licence, held by Richmond Plywood Corporation Limited (Richply), was selected randomly and not on the basis of location or level of performance.

Forest Licence A19243 is a volume-based forest licence located in the North Island–Central Coast Forest District, within the Kingcome Timber Supply Area (Kingcome TSA). Forest licences do not have specific geographic boundaries within which forest activities are restricted. Traditionally, and during the period of the audit, Richply's operations under Forest Licence A19243 are located on the northeastern tip of Vancouver Island, near to and west of the community of Port Hardy. The licence area includes the middle and upper portions of the Nahwitti and Shushartie River drainages. The lower reaches of these rivers flow to tidewater through a portion of Cape Scott Provincial Park (see attached map on page A-3).

Forest Licence A19243 has an allowable annual cut (AAC) of 53,773 cubic metres. The company harvested approximately 28,000 cubic metres during the audit period, by ground-based methods. The AAC apportioned to this licensee is approximately 3.6 percent of the total AAC for the Kingcome TSA.

The operating area for Richply is within the coastal western hemlock ecological sub zone variants, and is subject to periods of heavy rainfall, typical of northern Vancouver Island. The variants indicate a very wet maritime climate. Therefore, the area has numerous streams, and many are fish bearing. The topography varies from poorly drained lowlands, to moderately well drained slopes. Western hemlock, amabilis fir and western red cedar are the predominate tree species, with small amounts of Sitka spruce. Douglas fir, yellow cedar and alder also are present in the licence area.

Higher Level Plans

In February 2000, government released the *Vancouver Island Summary Land Use Plan* (VISLUP). Although this plan was not initially designated as a higher level plan[1], portions of the VISLUP were designated as higher level plans through the *Vancouver Island Land Use Plan Higher Level Plan Order* which took effect on December 1, 2000. A portion of Forest Licence A19243 lies

within the Goletas Channel special management zone, which is included in the higher level plan order. Forest activities occurring within this area must be carried out with special consideration of non-timber values, such as coastal visual quality, recreation activities, fish habitats, wildlife habitats as well as the Shushartie River recreational access route. Other VISLUP commitments applicable to the licence area are equivalent to Code requirements.

2.0 Audit Scope

The audit examined Richply's activities in the areas of operational planning (including forest development plans[ii] and silviculture prescriptions[iii]); timber harvesting; silviculture; fire protection; and road construction, maintenance and deactivation. These activities were assessed for compliance with the *Forest Practices Code of British Columbia Act* and related regulations (the Code).

All activities, planning and obligations for the period May 1, 2002, to June 3, 2003, were included in the scope of the audit.

The activities carried out by Richply during the audit period and therefore subject to audit were:

- harvesting of 2 cutblocks
- construction of 14 road sections totaling 10.7 kilometres
- maintenance of 66 kilometres of road, involving activities such as road surfacing and cleaning culverts and ditches
- maintenance of 24 bridges, including 16 that are on forest service roads
- permanent deactivation of 2.7 kilometres of road
- silviculture activities, included planting on 6 cutblocks and roadsides and also regeneration obligations on 10 cutblocks
- protection activities including fire-preparedness planning, fuel management and hazard abatement

The activities carried out in the audit period were approved in Richply's 2001 - 2005 forest development plan. The audit included assessing the plan for compliance with the Code, including consistency between the plan and objectives in designated higher level plans.

The higher level plan commitments for the Goletas Channel special management zone (SMZ) apply to a portion of the licence area. Richply activities within the SMZ must be carried out with special consideration of non-timber values and other commitments, such as:

- retaining structural forest attributes and elements within cutblocks
- applying a variety of silviculture systems, patch sizes and block shapes

- ensuring a maximum cutblock size of five hectares if clearcut
- maintaining visual quality of known scenic areas
- ensuring no metal pipe culverts on fish streams

Section 3.0 describes the audit of these activities and the audit results. The Board's audit reference manual, *Compliance Audit Reference Manual, Version 6.0, May 2003*, sets out the standards and procedures that were used to carry out this audit.

3.0 Audit Findings

Planning and Practices Examined

The audit work on selected roads and cutblocks included ground-based procedures and assessments from the air using a helicopter. Because of the small population sizes, all or most of the items within each activity were audited. The audit examined:

- harvesting of 2 cutblocks and their related operational plans
- construction of 14 road sections totaling 10.7 kilometres
- maintenance of 56.3 kilometres of road
- maintenance of 18 bridges, including 12 that are on forest service roads
- permanent deactivation of 2.5 kilometres of road
- planting of 3 cutblocks
- regeneration obligations due on 9 cutblocks
- fire preparedness planning, fuel management, and hazard abatement

The audit also examined the 2001-2005 forest development plan for compliance with the Code, including consistency between the plan and objectives in the higher level plan. The audit also assessed Richply's activities against the higher level plan requirements within the Goletus Channel SMZ.

It was not possible to examine Richply's compliance with Code requirements for fire equipment in the field because the woodlands operations for this licence were inactive during the time of the field audit. Richply's fire-preparedness plan, central equipment cache, and fire-hazard abatement practices were examined.

Findings

The audit found that Richply's planning and field activities complied, in all significant respects, with Code requirements for operational planning; timber harvesting; silviculture; fire protection; and road construction, maintenance and deactivation activities.

Instances of non-compliance were noted in the areas of timber harvesting and operational planning, but were few in number and minor in nature.

As stated above, the audit could not examine Richply's fire-fighting tools and equipment in the field. However, Richply's fire-preparedness plans, central equipment cache, and fire-hazard abatement practices were in compliance, in all significant respects, with Code requirements.

4.0 Other Comments

Bridge Maintenance

The audit identified a situation of significant non-compliance with respect to bridge maintenance. The non-compliance involved a potential user safety issue along the Nahwitti Forest Service Road (FSR) on a bridge that is the responsibility of the North Island–Central Coast Forest District (the district).

Richply holds a road use permit for this FSR, and therefore this bridge was assessed as part of the bridge maintenance sample within the scope of this audit. Richply is responsible for surface maintenance of all FSR roads including bridges and culverts within the licence area. However, the district is responsible for inspections, major repairs and/or replacement of bridges and culverts along forest service roads.

The Code requires that all bridges are to be inspected at periodic intervals, and if the inspection identifies structural deficiencies, then these deficiencies must be corrected. To correct these deficiencies, the bridge must be closed, removed or replaced before users are placed at risk. In this situation, the bridge was inspected by the district in July 2001 and in December 2001 a decision was made to "close down the crossing and remove the bridge as soon as practicable". In February 2002, the district posted a "0 tonne" load rating sign beside the bridge and in March 2002 the district placed a sign on the guard rail in the middle of the bridge stating "Warning – Bridge Closed – No Vehicle Access." It wasn't until May 2003, after it was noted that one of the bridge stringers had fallen into the river channel, that access to the bridge was physically blocked. The deficient portion of the bridge was subsequently removed by the district in August 2003.

The lack of a physical barrier for this bridge along the Nahwitti Forest Service Road, for a period of over one year, is a significant safety concern for users who drive into the area.

The main section of the Code to which the non-compliance relates is section 12(1), formerly section 17(1), of the *Forest Road Regulation*.

5.0 Audit Opinion

In my opinion, the operational planning; timber harvesting; silviculture; fire protection; and road construction, maintenance, and deactivation activities carried out by Richmond Plywood Corporation Limited, on Forest Licence A19243, from May 1, 2002, to June 3, 2003, were in compliance, in all significant respects, with the requirements of the Code as of June 2003. No opinion is provided regarding fire-fighting tools and equipment in the field.

In reference to compliance, the term "in all significant respects" recognizes that there may be minor instances of non-compliance that either may not be detected by the audit, or that are detected but not considered worthy of inclusion in the audit report.

Without qualifying my opinion, I draw attention to section 4.0, which details the significant bridge maintenance concern on a forest service road which is the responsibility of the North Island–Central Coast Forest District. Since the audit, the bridge has been removed. This situation is not considered to be non-compliance by Richply.

Sections 2.0 and 3.0 of this report from the auditor describe the basis of the audit work performed in reaching this opinion. The audit was conducted in accordance with the auditing standards of the Forest Practices Board. Such an audit includes examining sufficient forest planning and practices to support an overall evaluation of compliance with the Code.

C R Mosher

Christopher R. Mosher, CA, CEA(SFM)
Auditor of Record
Victoria, British Columbia

December 9, 2003

[i] A higher level plan is a forest resource management objective that is established as legally binding by a written order. The objective applies to a resource management zone, landscape unit, sensitive area, recreation site, recreation trail, or interpretive forest site. Higher level plans are a provision of the *Forest Practices Code of British Columbia Act* that give direction to operational plans.

[ii] A forest development plan is an operational plan that provides the public and government agencies with information about the location of proposed roads and cutblocks for harvesting timber over a period of at least five years. The plan must specify measures that will be carried out to protect forest resources. It must also be consistent with any higher level plans. Site-specific plans are required to be consistent with the forest development plan.

[iii] A silviculture prescription is a site-specific operational plan that describes the forest management objectives for an area to be harvested (a cutblock). The silviculture prescriptions examined in the audit are required to describe the management activities proposed to maintain the inherent productivity of the site, accommodate all resource values, including biological diversity, and produce a free-growing stand capable of meeting stated management objectives. Silviculture prescriptions must be consistent with forest development plans that encompass the area to which the prescription applies.

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